

JOINT CERS AND KRS RETIREE HEALTH COMMITTEE
September 6, 2022, 10:00 a.m. EST
Live Videoconference/Facebook Live Agenda

1. Call to Order – *Jerry Powell*
2. Opening Video Teleconference Statement – *Office of Legal Services*
3. Roll Call – *Sherry Rankin*
4. Public Comment – *Sherry Rankin*
5. Approval of Committee Minutes. May 19, 2022* - *Jerry Powell*
6. Establish 2023 Health Insurance Components and Health Insurance Rate to be Paid by Kentucky Public Pensions Authority that will be used to define 100% Contribution for non-Medicare Eligible Retirees * - *Connie Pettyjohn*
7. Establish 2023 Health Insurance Plan Components and Health Insurance Rate to be Paid by Kentucky Public Pensions Authority that will be used to define 100% Contribution for Medicare Eligible Retirees* - *Humana/Connie Pettyjohn/GRS Representative*
 - a. GRS Medical Only and Mirror Premium Letter – *GRS*
8. Other Business
 - a. Strategic Plan – *Jerry Powell*
9. Adjourn* - *Jerry Powell*

**CERS and KRS Board Action Required*

**KENTUCKY PUBLIC PENSIONS AUTHORITY
JOINT CERS-KRS BOARD OF TRUSTEES
RETIREE HEALTH PLAN COMMITTEE MEETING
MAY 19, 2022 at 10:00 A.M., E.D.T.
VIA LIVE VIDEO TELECONFERENCE**

At the May 19, 2022 meeting of the Retiree Health Plan Committee of the Joint CERS and KRS Board of Trustees, the following Committee members were present: CERS – Jerry Powell, Chair; KRS – Dr. Crystal Miller and Keith Percy. KPPA Staff members present were David Eager, Erin Surratt, Rebecca Adkins, Michael Board, Connie Pettyjohn, Abby Sutherland, Brian Towles, Shaun Case, Cassandra Weiss, Kathy McNaughton, and Sherry Rankin. Others in attendance included Ed Owens III CERS CEO, Jane Gilbert with The Kentucky Teachers’ Retirement System (TRS), and Tracy Garrison, Larry Loew, Meagan Cecil, Vicki Burton, Rae Godsey, Anita Desai-Naik, Andrea Biesel, and Carrie Lovell from Humana.

Mr. Powell, Committee Chair, called the meeting to order.

Mr. Board, Executive Director of Legal Services, read the Legal Public Statement.

Ms. Rankin called roll.

Mr. Powell asked if there was any *Public Comment*. Ms. Rankin stated that one public comment was submitted and read it aloud to the Committee;

“Please see that this email is forwarded to the board that negotiates with Humana...I am concerned that the state is paying more for a Medicare Humana advantage plan than what a private person pays for a AARP United Healthcare Supplement and separate drug plan...The state is paying over \$252 for an advantage plan that has a \$500 deductible \$300 greater than other individual supplement plans...it also only covers up to \$2,000 for out of the country emergency services and the UHC plan pays up to \$50,000...u are also paying \$252 for the supplement and drug plan... we currently pay \$129 for AARP UHC supplement and \$22 for Humana drug plan...It seems with the size of the group you are

negotiating with that you could do better than what an individual acquires on his own or please inform me of the advantage of the Advantage Plan (I am a fan of the \$100 cap on Rx thru the advantage plan)...Please consider offering the employees regular medicare and an AARP UHC supplement or other insurance other than an Advantage plan..." Florena Abel

Mr. Powell requested that Mr. Eager post the comment and the response on the website and that a hard copy be forwarded to all Committee members for their records/reference.

Mr. Powell introduced the agenda item *Vice-Chair Election*. Mr. Powell asked for nominations or anyone who would be interested in the position of Vice-Chair. Mr. Peercy made a motion to nominate Dr. Crystal Miller as the Retiree Health Plan Committee Vice-Chair. The motion was seconded by Mr. Powell and passed unanimously.

Mr. Powell introduced the agenda item *Approval of Minutes- February 10, 2022*. Mr. Peercy made a motion and Dr. Miller seconded to approve the minutes as presented. The motion passed unanimously.

Mr. Powell introduced the agenda item *Kentucky Teachers' Retirement System (TRS) Presentation*. Ms. Jane Gilbert from TRS thanked the Committee for inviting her to present. Ms. Gilbert gave an informational presentation on the pharmacogenomics at TRS. TRS uses advanced DNA technology to provide personalized medicine and recommendations to prescribers. Mr. Powell thanked Ms. Gilbert for providing this exciting information with the Committee.

Mr. Powell introduced the agenda item *Account Management Review*. Ms. Tracey Garrison of Humana stated that her team would present out of order with Ms. Carrie Lovell presenting first on the informational item *8c. Pharmacogenomics*. Ms. Cecil stated that pharmacogenomics is the study of how genes can affect a patient's response to medication treatment. This science can assist in selecting medication and recommended dosages for patients. Medicare does cover single use drug-gene testing for some medication when

medically necessary. She explained that Humana is conducting a pilot of MAPD individual members to evaluate the value and impact of this genetic testing on longer term outcomes such as medication adherence, hospital admissions, and cost of care. Results are to be evaluated in late 2022 or early 2023 to determine if the technology should be applied to additional markets. Ms. Garrison and Ms. Andrea Biesel of Humana presented on the informational item *8a. 2021 Plan Performance*. They discussed the overall performance of the Medicare Advantage Plan in 2021. Ms. Meagan Cecil presented on the informational item *8b. McClennan Pilot Program Results*. Ms. Cecil explained that this was a pilot program in partnership with the McClennan Group to learn more about Group Medicare member health goals and motivations. 1,451 KPPA members opted in to the program via email or text message – an overall reach of 55.9% of KPPA members. Participating members were profiled as either Social, Active, or Spiritual based on their priorities and goals. Over 500 KPPA members stated that their top goal was, “I want to be healthy.” Ms. Connie Pettyjohn asked if the program would continue. Ms. Cecil stated that phase 1 of the program ran from April to August 2021 and phase 2 from January to March of 2022. However, data continues to be analyzed and the team is working to determine how to scale the program. Ms. Pettyjohn stated that the program is beneficial to retirees and thanked the Humana team for their work on the program. Ms. Biesel thanked the Committee for the support of KPPA and their willingness to be a part of the pilot. Ms. Garrison concluded the presentation to share the recent rebranding efforts of Humana with ‘CenterWell’. Humana is working to create a strong brand system around healthcare related to the whole person. She assured the Committee that there are no changes to the processes for members or services provided, but simply a name change. Targeted marketing and email communications have been utilized to inform members. Mr. Powell thanked Ms. Garrison for her efforts.

Mr. Powell introduced the agenda item *Other Business*. Ms. Connie Pettyjohn presented on the *KPPA Medicare Advantage Request for Proposal (RFP) Update*. The Committee is required to work with the Finance Cabinet to proceed with this RFP. The current Medicare Advantage contract cannot be renewed; therefore, the RFP is for calendar year 2023. She discussed the current proposed timeline for the RFP with an anticipated contract award

date of June 2022. Mr. Powell asked if the process is currently on target with this timeline. Ms. Pettyjohn stated that the timeline is moving as planned.

There being no further business, a motion to adjourn was made by Mr. Peercy and seconded by Dr. Miller, the meeting adjourned.

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CERTIFICATION

I hereby certify that I was present at this meeting, and I have recorded above the action of the Committee on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in connection with this meeting.

Recording Secretary

I, Jerry Powell, the Chair of the Joint Retiree Health Plan Committee of the Board of Trustees of the County Employees Retirement System and the Kentucky Retirement Systems, do hereby certify that the Minutes of the meeting held on May 19, 2022 were approved by the Joint Retiree Health Plan Committee on September 6, 2022.

Committee Chair

I have reviewed the Minutes of the May 19, 2022 Joint Retiree Health Plan Committee meeting for form, content and legality.

Executive Director
Office of Legal Services



KPPPA
Kentucky Public Pensions Authority

Kentucky Public Pensions Authority

Non-Medicare Eligible Health Insurance Plans
Kentucky Employees' Health Plans (KEHP)

1994 Kentucky Kare Standard Plan

KRS Chapter 18A, Section 225(2)(a) states: " Health insurance coverage provided to state employees under this section shall, at a minimum, contain the same benefits as provided under Kentucky Kare Standard as of January 1, 1994, and shall include a mail-order drug option as provided in subsection (13) of this section. All employees and other persons for whom the health care coverage is provided or made available shall annually be given an option to elect health care coverage through a self-funded plan offered by the Commonwealth."

In assessing whether the benefits provided under the 2023 plan options meet the above standard, actuarial relative plan values were determined for the 2023 plan options and the 1994 Kentucky Kare Standard Plan as if it were offered at a reasonably similar actuarial value in 2023. This report provides the results of this actuarial assessment in order to document our understanding of whether the plans meet the above requirement.

(KRS 61.702 and KRS 78.5536 now includes KRS 18A language, effective 4/1/21)

Actuarially benefit "value" is defined by expected average claims payments for the year. "Value" does not include any subjective components such as access to specific doctors or services (other than mail order prescription drugs per KRS Chapter 18A, Section 225(2)(a)) or member satisfaction. This analysis was conducted by an evaluation of each plan option's benefits using Aon propriety benefit valuation modeling tool. The model determines health plan benefit values by evaluating plan provisions (such as deductibles, copays, coinsurance, etc.) for covered pharmacy and medical services and producing the expected cost of coverage for the plan, based on an underlying database of expected medical and pharmacy claims. The underlying claims database is based on the full book of business for UnitedHealthcare, and is comprised of experience for more than 9 million members.

Plans with higher relative values are actuarially expected, on average, to pay more claims than plans with lower relative values. Relative values are impacted by prevailing negotiated discounts and in-network utilization. We have assumed that the use of the term "benefits" in KRS Chapter 18A, Section 225(2)(a), means that we can apply the same assumptions on discounts and in-network utilization to all plans rather than try to synthesize the prevailing discount levels available in 1994. We are also assuming that, per the KRS Chapter 18A, Section 225(2)(a) use of the phrase "provided to", the conditions are met as long as at least one of the plan options offered in 2023 has a relative value equal to or greater than that of the Kentucky Kare Standard plan.

NOTE: *Relative Values have been added to slides 4-6 of this presentation.*

The 2023 LivingWell CDHP option has a relative value that is equal to that of the 1994 Kentucky Kare plans. It therefore appears that the 2023 plan options meet the KRS 1994 Kentucky Kare Standard Plan requirements, per our understanding.

Kentucky Employees' Health Plan (KEHP)

LivingWell PPO Plan(requires LivingWell Promise)

- ▶ Features co-pays for some medical services and all pharmacy services. There is no HRA.
- ▶ Deductible is \$1,000-single and \$1,750-family
- ▶ The Max Out of Pocket is \$3,000-single and \$5,750-family
- ▶ Separate pharmacy and medical maximum out of pocket.
- ▶ This plan offers the Value Formulary with two tiers and member pays copayments.
- ▶ Plan covers 75% of coinsurance and Member covers 25%
- ▶ Relative Value 0.98

LivingWell CDHP Plan(requires LivingWell Promise)

- ▶ HRA funds \$500-single and \$1,000-family
- ▶ Deductible is \$1,500-single and \$2,750-family
- ▶ Max Out of Pocket is \$3,000-single and \$5,750
- ▶ This plan offers a Value Formulary-with more generics and less brands. It has 2 tiers and the member pays a coinsurance.
- ▶ Plan covers 80% of coinsurance and Member covers 20%
- ▶ Relative Value 1.02

LivingWell Basic CDHP Plan (requires the LivingWell Promise)

- ▶ HRA funds are \$250-single and \$500-family (not allowed if defaulted in this plan).
- ▶ Deductible is \$2,000-single and \$3,750-family
- ▶ Max Out of Pocket is \$4,000-single and \$7,750-family
- ▶ This plan offers a Value Formulary- two tiers and the member pays a coinsurance.
- ▶ Plan covers 70% of coinsurance and Member covers 30%
- ▶ Relative Value 0.97

Default Plan -Option if no health insurance or waiver election is made as a new retiree.

- ▶ Plan Identified by Department of Employee Insurance (DEI) is the **LivingWell Basic CDHP Plan without the Health Reimbursement Arrangement (HRA).**

Tobacco Usage:

Non-smoking premium incentive is unchanged for plan year 2022. It does include all tobacco products and covered spouses and dependents (age 18 or older).

Tobacco - means all tobacco products including, but not limited to, cigarettes, pipes, chewing tobacco, snuff, dip, and any other tobacco products regardless of the frequency or method of use.

Tobacco Use:

- ▶ \$40 additional premium for Retiree Single Coverage
- ▶ \$80 additional premium for Retiree Couple, Parent Plus or Family Coverage

LivingWell Promise

- ▶ Failure to complete the LivingWell promise during 2023 Plan Year will result in the member not receiving the annual \$480 premium incentive (\$40/month) in the 2024 Plan Year. These individuals will pay \$40.00
- ▶ Members will complete online the Health Assessment between January 1, 2023-July 1, 2023 or Complete a Biometric Screening.
- ▶ If the member is unable to fulfill the promise because of a physical or mental health condition, KEHP will work with them to develop an alternative way to qualify for either LivingWell plan option.
- ▶ Only the planholder is required to complete the LivingWell Promise. If a cross-reference option is selected the retiree and spouse must complete the Health Assessment or Biometric Screening.

BOARD DECISION POINTS NON-MEDICARE ELIGIBLE PLANS

1. Determine the 2023 Percentage Contribution Plan, the current contribution plan for 2022 is the LivingWell PPO Plan
 - a. Set contribution rate for 240 months of non-Hazardous and Hazardous Retiree Service Credit (100%)
 - b. Set contribution rate for Hazardous Spouse/Dependent (Couple, Family, and Parent Plus)
 - c. Tobacco Use Fee/Discount - All retirees, eligible spouses/dependents.
 - d. Allow KPPA Retirees to access the Consumer-Driven plans that includes an embedded health reimbursement account (HRA)?
 - e. LivingWell Promise Discount/Fee - If the Retiree or Eligible Dependents failed to fulfill the LivingWell Promise they will be charged an additional monthly fee for enrollment in a LivingWell Plan for 2024.
2. Default Plan/DEI will use the LivingWell Basic CDHP Plan as the Default Plan for 2023.
 - a. New Retirees that fail to submit a health insurance enrollment form will be defaulted into this plan.
 - b. Retirees currently enrolled in a KEHP plan that fail to submit a health insurance application will be rolled over into the same plan at the same level of coverage they had in 2022.
3. Allow Cross Reference option for Retirees.
4. Set Premium for KEHP Medicare Secondary Payer (MSP) Plan. 10

Appendix

Retirees by KEHP Plan	2020	2021	2022
LivingWell CDHP	8,600	8,755	8,817
LivingWell PPO	16,034	15,183	15,492
LivingWell Basic	420	406	419
LivingWell High Deductible	915	785	<i>Not offered 2023</i>
Total	25,969	25,759	25,452

General Information:

- ▶ Telehealth - LiveHealth Online Medical and Behavioral Health
FREE virtual office visits for individuals covered under the KEHP.
- ▶ Anthem - Medical Benefit
- ▶ CVS/Caremark - Pharmacy Benefit
- ▶ SmartShopper-price comparison tool
- ▶ HealthEquity - COBRA and HRA
- ▶ WebMD- Well-Being and the LivingWell Promise



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Kentucky Public Pensions Authority

Retiree Health Plan Committee
September 6, 2022





Today's discussion

- 01 | 2023 Rate Review
- 02 | Benefit and Part D Cost Share Updates
- 03 | Inflation Reduction Act

2023 Rate Review

Presented by Tracey Garrison



2023 Rates Medicare Advantage Plans

	2022 Humana Rate	2023 Humana Rate
Premium Plan Rate	\$227.03	\$89.28
Average Membership	53,524*	55,104**
Estimated Annual Dollar Amount	\$145,818,645	\$59,036,221
Essential Plan Rate	\$49.25	\$0.00^
Average Membership	5,217*	5,377***
Estimated Annual Dollar Amount	3.083,247	\$0

*2022 average as of August 2022

** Estimate based on three-year membership growth average of 1,580

*** Estimate based on three-year membership growth average of 160

^Essential Plan Pharmacy Deductible remains at \$435

Long Term Financial Commitments to KPPA Medicare Advantage Plans

2024 and 2025 Rate Guarantee

Gain Share Agreement

An arrangement in which a percentage of overages are shared between the carrier and client in the event actual MER results are more favorable than projected. Actual annual MER Target will be determined based on renewal and benefits.

Performance Guarantees

Humana agrees to service level commitments on administrative services with financial penalties should we fail to deliver on those commitments.

Rate Renewal Medical Only and Mirror Plan

Medical Only/Mirror Plan	2022	2023
ASO Fee PMPM	\$35.05	\$28.50

Dental Fee	2022	2023
ASO Fee PMPM	\$4.80	\$4.80

PDP Essential	2022	2023
Rate PMPM	\$36.45	\$36.18^

PDP Premium	2022	2023
Rate PMPM	\$136.30	\$135.31

^Essential Plan Pharmacy Deductible remains at \$435



Benefit and Part D Cost Share Updates

Presented by Tracey Garrison

Part D Cost Share Changes





Defined Standard Parameter Changes

Stage	2022	2023
Deductible	\$480	\$505
Initial Coverage Limit (ICL)	\$4,430	\$4,660
TrOOP	\$7,050	\$7,400
Catastrophic	Greater of \$3.95 (Generics), \$9.85 (Brands), or 5%	Greater of \$4.15 (Generics), \$10.35 (Brands), or 5%

2023 GAP Coverage:

Member coinsurance in the gap for generics will be 25% and for brands will be 25%

2023 Covid-19 Changes

2022 COVID Benefits		2023 COVID Benefits
<ul style="list-style-type: none"> \$0 cost share applicable to COVID-19 vaccine 		<ul style="list-style-type: none"> \$0 cost share applicable to COVID-19 vaccine
<ul style="list-style-type: none"> \$0 cost share applicable to COVID-19 testing when medically necessary and ordered by a physician 		<ul style="list-style-type: none"> Plan specific cost share applicable to COVID-19 testing when medically necessary and ordered by a physician
<ul style="list-style-type: none"> \$0 cost share applicable to hospitalization, medical services, and FDA approved Rx with confirmed COVID-19 diagnosis 		<ul style="list-style-type: none"> Plan specific cost share applicable to hospitalization, medical services, and FDA approved Rx with confirmed COVID-19 diagnosis
<ul style="list-style-type: none"> Home delivered meals, 14 days (28 meals) with confirmed COVID-19 diagnosis 		N/A*

- Humana is the last carrier to remove cost share waivers implemented since the pandemic onset in 2020
- Noted within the Plan Design Exhibit (PDE)
- Member notification established within Annual Notice of Change (ANOC)

*Post-Discharge meals to remain for 2023 allowing for 14 day/28 meals per discharge event, no cap

2023 Post-Discharge Benefits



\$0 copayment for Humana Well Dine® meal program.

Receive **2 meals per day for 14 days**, (total of 28 meals) delivered to member's home after an inpatient stay in a hospital or nursing facility.

Administered by Mom's Meals



\$0 copayment Post-Discharge Transportation.¹

For plan approved location up to **12 one-way trip(s)** per facility discharge by car, van, wheelchair access vehicle.²

Administered by ModivCare (LogistiCare)



\$0 copayment for in-home personal care.³

A minimum of 4 hours per day, up to a maximum of 8 hours total per discharge, for certain in-home support services following a discharge from a skilled nursing facility or from an inpatient hospitalization.

Administered by SeniorBridge

1. Not available in Puerto Rico
2. Benefit is not to exceed 50 miles per trip
3. Qualified aides can offer assistance performing activities of daily living (ADLs) within the home and Instrumental Activities of Daily living (IADLs) related to personal care. Activities may include: bathing or showering, dressing, getting in and out of bed or a chair, walking, using the toilet, and eating. IADL activities may include: preparing meals, shopping on behalf of the member for groceries or personal items, performing light housework, laundry, dishes, and/or using a telephone. A member must be receiving assistance with a minimum of one ADL to receive assistance with any IADL. Personal home care services must be initiated within 30 days of discharge event and utilized within 60 days of discharge.

Proprietary and Confidential

2023 Post Discharge Personal Home Care Service

✔ Increase in minimum hours from 3 to 4 hours

✔ Increase total benefit hours per discharge event from 6 to 8 (no annual max)

✔ Inclusion of light housekeeping

Activities of Daily Living (ADL)



Toileting

Assisting member get on or off the toilet, commode or bedpan, & clean



Transferring

Assisting member get to and from a bed



Bathing

Helping with washing, shampooing, getting in or out of the tub or shower brushing



Walking/Mobility

Includes helping member move from one stationary point to another by removing obstacles, opening doors, and assisting with canes, wheelchairs or other assistive devices



Dressing

Helping member to put on or take off clothing/footwear

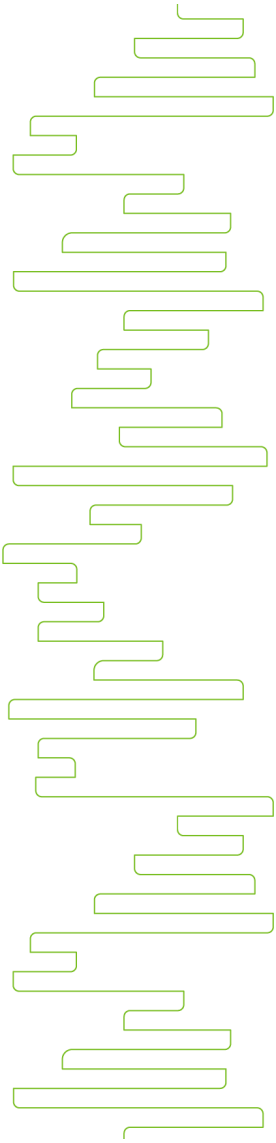


Eating and Meal Preparation

Assistance with food preparation, meal reminders & feeding

New 2023 Instrumental Activities of Daily Living (IADL) services offered as part of the Post-Discharge PHCS benefit

Light housekeeping, shopping on behalf of the member for groceries/personal items, laundry, dishes, &/or using a phone



Additions to our Value-Added Services



Discounted subscription service for prepared meals.



Concierge bill management service. Member pays discounted monthly fee and gives access to finances and bills to dedicated account manager to ensure bill payments are made timely.

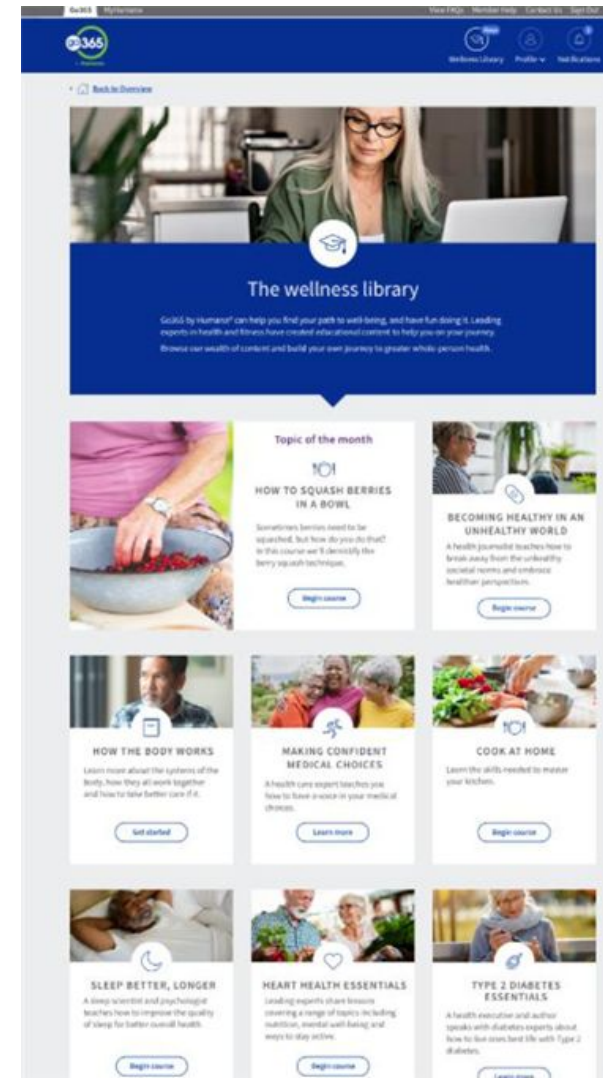
Go365: What's changing in 2023?



Rewards have no cash value and can only be redeemed in the Go365 Mall. Rewards must be earned and redeemed within the same program year. Rewards not redeemed by Dec. 31 will be forfeited. Remember, only the member can redeem rewards and order gift cards. Some items in the Mall catalog may have been discontinued, and new items may be available for redemption. For the most current list, visit Go365.com or call 1-866-677-0999.

What exactly is changing?

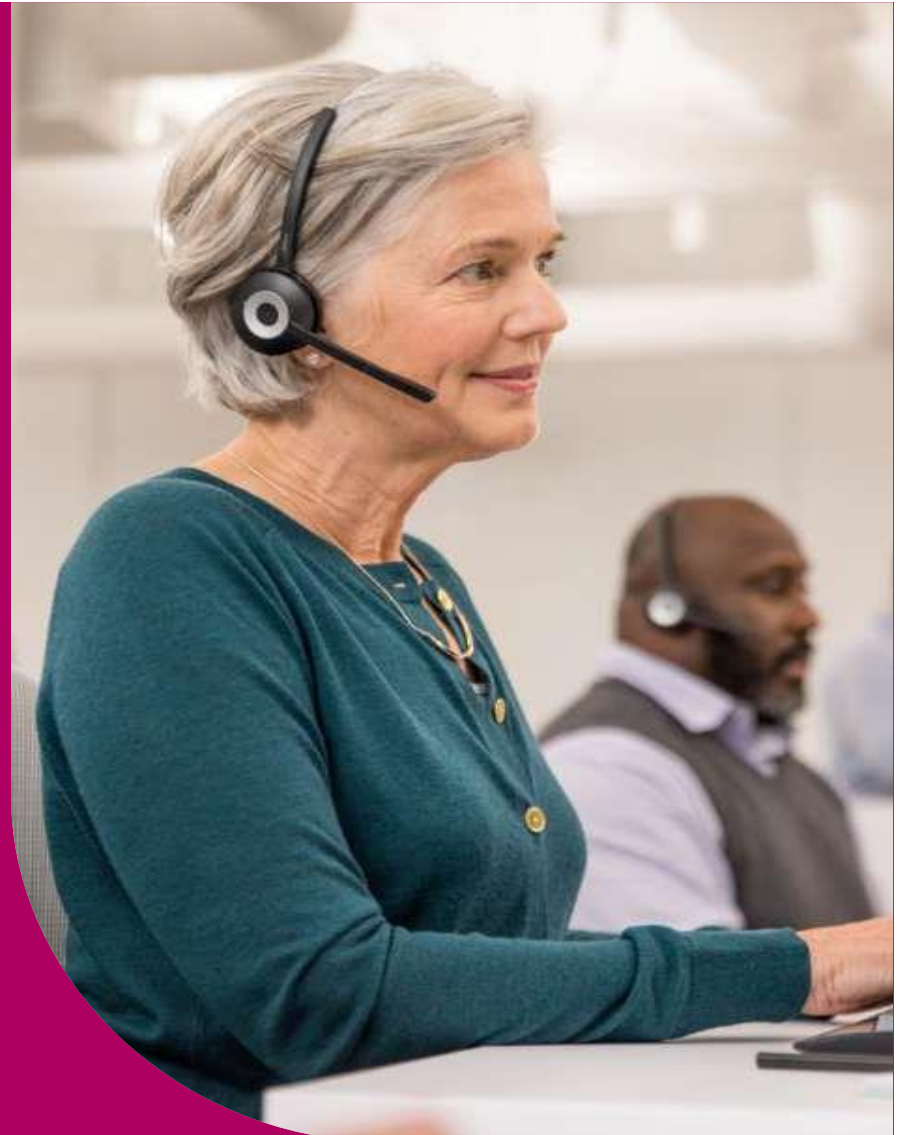
- **Preventive screenings**
 - 6 rewardable screenings: Colorectal (\$20-\$50), mammogram (\$30), annual wellness visit (\$25), bone density (\$20), diabetic eye exam (\$25) and hemoglobin A1C (\$10)
 - Diabetic eye exam and hemoglobin A1C based on clinical triggers
 - No longer rewarding for diabetic kidney function, diabetic foot exam, cholesterol or flu shot
- **Exercise and fitness**
 - \$5/month, \$60 max
 - Rewards for 12 workouts per month vs 8 or 16
- **Social and health education**
 - \$5/month, \$40 max
 - Access to high quality content our members will love! Courses, podcasts and educational resources on topics including diabetes, nutrition, mental health, longevity, sleep and heart health



Inflation Reduction Act

Presented by Claire Hutchinson

Associate VP Public Policy



Macro Environment Will Continue to Impact Policy Agenda

 Ongoing Pandemic	 Economy	 Gas Prices	 Inflation	 Debt / Deficit	 Record Housing Prices	 Stock Market
 Rising Interest Rates	 Formula Shortage	 Gun Control	 Social Issues	 Jan. 6 Committee Hearings	 Russia-Ukraine Crisis	 Potential Wave Election

Inflation Reduction Act of 2022

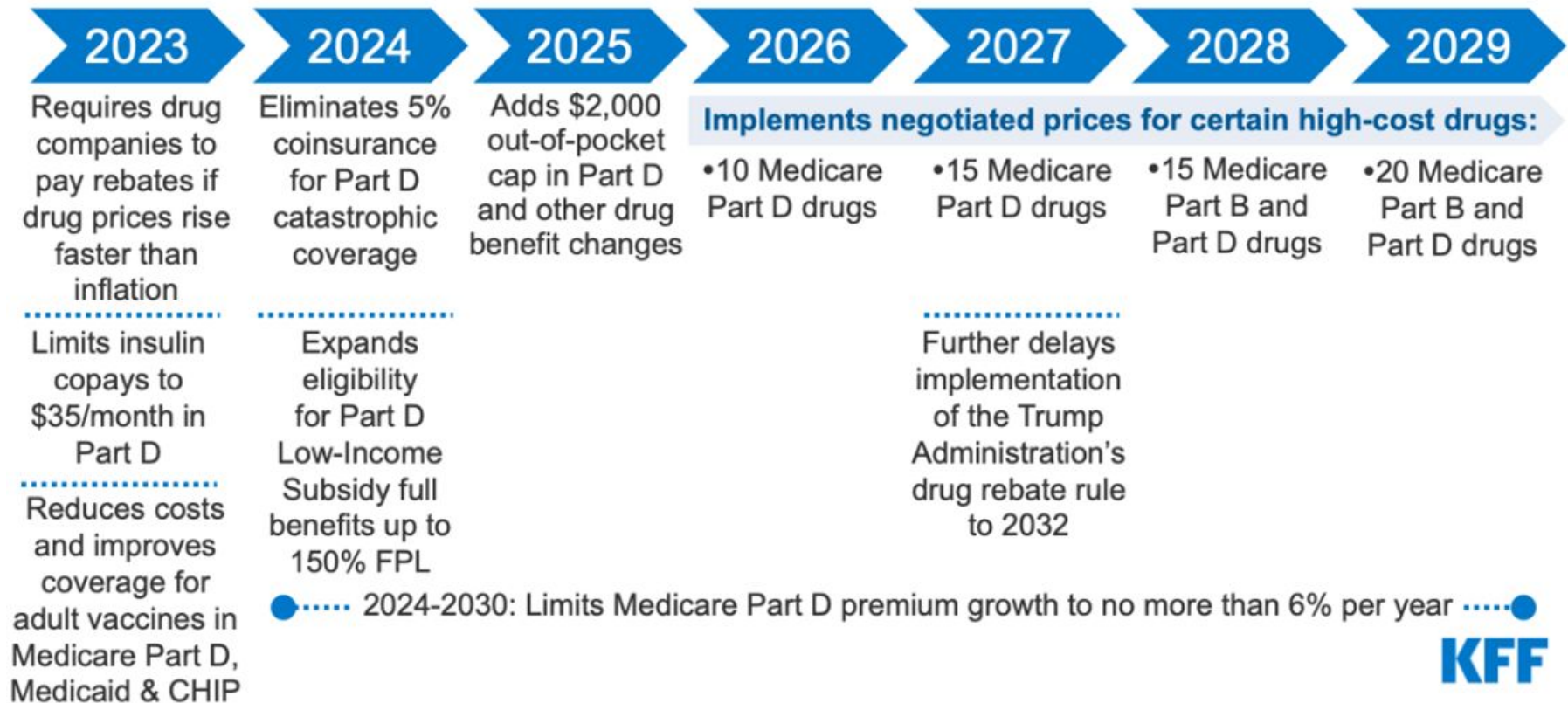
**Direct
Negotiation**

**Inflationary
Rebates**

Part D Redesign

**Insulin Copay
Caps**

Implementation Timeline of the Prescription Drug Provisions in the Inflation Reduction Act



Proprietary and Confidential

Glossary of Terms

PMPM – Per Member Per Month

PDP – Prescription Drug Plan

MA – Medicare Advantage Plan

MAPD – Medicare Advantage Prescription Drug Plan

ASO Fee – Administrative Services Only Fee

MRA – Medicare Risk Adjustment

YTD – Year to Date

YOY – Year Over Year

CMS – Centers for Medicare & Medicaid Services

MOOP – Maximum Out of Pocket

MER – Medical Expense Ratio (revenue/claims)

TrOOP – True Out of Pocket Maximum

Thank you

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Kentucky Public Pensions Authority

Medicare Eligible Health Insurance Plans
Humana Medicare Advantage

BOARD DECISION POINTS FOR MEDICARE ELIGIBLE PLANS

1. MEDICARE ADVANTAGE (MA)- SEE HUMANA PRESENTATION

a) SELECT CONTRIBUTION PLAN*

i. MA PREMIUM PLAN WAS CHOSEN FOR 2022

b) SET THE CONTRIBUTION RATE*

i. THE CONTRIBUTION RATE HAS BEEN STABILIZED AT \$252.51 SINCE 2017

c) SELECT THE CONTRIBUTION PLAN FOR HAZ DUTY DEPENDENTS/SPOUSE*

i. MA PREMIUM PLAN WAS CHOSEN FOR 2022 AT \$252.51

2. MEDICAL ONLY AND MA MIRROR PLANS - SEE GRS MEDICAL ONLY & MIRROR LETTER

a) SET MEDICAL ONLY/MA MIRROR MEDICAL BENEFIT PREMIUM*

b) ALLOW ENROLLMENT FOR NO PART B AND EXCEPTIONS*

3. DEFAULT PLAN

a) SELECT DEFAULT PLAN*

i. MEDICAL ONLY PLAN WAS SELECTED FOR 2022

✓ THE MA PLAN PREMIUMS WERE SET AS PART OF THE REQUEST FOR PROPOSAL



August 31, 2022

Ms. Connie Pettyjohn R.N.
Director of Retiree Health Care
Kentucky Public Pensions Authority
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601-6124

Re: Kentucky Public Pensions Authority - 2023 Medical Only and Mirror Plan Premiums

Dear Ms. Pettyjohn:

This report has been prepared for use by the Kentucky Public Pensions Authority ("KPPA") to assist in setting the Plan Year 2023 ("PY2023") premium rates for the Medical Only, and Mirror Plans.

In summary, our projections indicate that an increase in current medical only rates of -0.1% will be needed to fund projected PY2023 claim expenses. There are also relatively small changes in the prescription drug plan cost and a reduction in the administrative service fee that will result in a \$5.00 to \$7.72 net reduction in the monthly premiums from 2022 to 2023.

DATA

For the purposes of projecting expected PMPM costs, GRS received medical claims and eligibility history for January 1, 2015 through June 30, 2022 from Humana. Medical claim data was provided in detail format and was reviewed for reasonableness. Enrollment data was provided in a summary outline based on month and plan eligibility. The data was checked for internal consistency but was not otherwise audited.

METHODOLOGY

Standard actuarial and underwriting methods were used to project PY2023 costs. PMPM rates were developed using a blend of three years of experience. These rates were then adjusted to reflect a 5.0% annual trend.

Claims starting in March 2020 were lower due to the COVID-19 pandemic suppressing utilization. In order to avoid under projection, a three-year blended claims experience was used to account for pre-pandemic experience and not rely solely on the suppressed utilization after the onset of COVID-19. No additional load was added to account for COVID-19.

GRS assumed no medical plan design changes for the KPPA plans in PY2023.

Ms. Connie Pettyjohn
 August 31, 2022
 Page 2

Neither prescription drug benefits nor administrative costs are reflected in the claims cost. Humana has provided KPPA with a cost proposal for prescription drug benefits. In addition, Humana has quoted an ASO fee of \$28.50 PMPM for PY2023.

CONCLUSION

The GRS analysis of the medical claims resulted in an estimated PY2023 medical claims of \$151.64. When combined with the ASO Fee, the total cost for the Medical Only plan is \$180.14. The following table provides the PY2023 premiums developed for each plan assuming Humana’s quotes for administrative fees and prescription drug benefit costs for PY2023.

Plan	Medical Claim Cost	Prescription Drug Plan (PDP) Cost	Administrative Fee	Total Premium 2023	Total Premium 2022	% Increase
Medical Only	\$151.64	N/A	\$28.50	\$180.14	\$186.87	-3.6%
Essential Mirror	\$151.64	\$38.18	\$28.50	\$218.32	\$223.32	-2.2%
Premium Mirror	\$151.64	\$135.31	\$28.50	\$315.45	\$323.17	-2.4%

CERTIFICATION

This report should not be used for any other purpose and should not be distributed to any other third party without the prior written consent of Gabriel Roeder Smith & Company (“GRS”). Any distribution of this report must be in its entirety, including all exhibits. To the best of our knowledge and belief, there are no subsequent events that would affect this analysis and results as of the date of this report. GRS has prepared this report based on covered plan participants for the Medical Only Plan, Mirror Premium Plan and Mirror Essentials Plan. GRS has relied on information from prior renewal reports as well as claims and eligibility data provided by Humana, the current provider of medical benefits, and KPPA.

Jim Pranschke and Mehdi Riazzi are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

James E. Pranschke
 Jim Pranschke, FSA, MAAA, FCA
 Senior Health Care Consultant and Actuary

Mehdi Riazzi
 Mehdi Riazzi, FSA, EA, FCA, MAAA
 Senior Consultant and Actuary

Michael Reed
 Michael Reed
 Senior Health Care Analyst

